

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF PUERTO RICO**

<b>IN RE:</b>	*	
	*	
	*	<b>CASE NO. 09-02335(ESL)</b>
<b>FLEXIBLE PACKAGING COMPANY, INC.</b>	*	
	*	<b>CHAPTER 11</b>
	*	
<b>DEBTOR</b>	*	<b>(CONSOLIDATED)</b>
*****		

**SUPPLEMENT TO DISCLOSURE STATEMENT  
IN COMPLIANCE WITH ORDER TO SHOW CAUSE**

TO THE HONORABLE COURT:

COMES NOW, Debtor, through the undersigned attorney, who respectfully states and prays as follows:

**PROCEDURAL BACKGROUND**

1. On March 28, 2009, Flexible Packaging Company, Inc., Flepak Shared Services Division, Inc., Flepak Investment, Inc. filed separate voluntary petitions for relief under the provisions of 11 U.S.C. Chapter 11, and as of that date have been managing their affairs and operating the businesses as debtors-in-possession pursuant to 11 U.S.C. §§ 1107 and 1108.
2. On April 20, 2009, the Debtors filed a motion for the substantive consolidation of these estates, by which all entities will be merged in a single operating unit and all entries consolidated in a single docket (Docket No. 28). This Honorable Court granted the consolidation on May 12, 2009 (Docket no. 46)
3. On May 5, 2010, consolidated debtor filed the Disclosure Statement and Plan of Reorganization and the approval hearing was held on July 13, 2010 (Dockets no. 174, 175 & 177).

4. During the July 13<sup>th</sup>, 2010 hearing, the Court was informed that the audited financial statement for the year ending on September 30, 2009 had to be finished and that the operating projections were required to suffice with information requirements and concerns raised by the creditor's committee. Upon completion, these documents were to be included as a Supplement to the Disclosure Statement and Plan of Reorganization in this case.

5. On October 14, 2010, this Honorable Court ordered consolidated debtor shall show within twenty-one (21) days from notice of the order why case should not be dismissed for failure to: File the Supplement of Disclosure Statement and Plan. This order due on November 8, 2010 (Docket #217).

6. In an effort to obtain the approval of the Disclosure Statement and to continue with its reorganization process, the consolidated Debtor herein supplements its Disclosure Statement, addressing each matter raised by this Honorable Court. Debtor intends to include this motion as ***Exhibit 6*** to the Disclosure Statement dated on May 4, 2010.

## SUPPLEMENTAL INFORMATION TO DISCLOSURE STATEMENT

### **Inclusion of Business Projections**

7. The disclosure statement filed did not include business projections. As detailed in the Section 5.2 of the Disclosure Statement filed named "Means of Exececution of the Plan and Future Management of Debtors", upon confirmation of the plan, the consolidated Debtor shall have sufficient funds to make all payments then due under this Plan. The funds will be obtained from the continuation of the business operations named Flexible Packaging Company, Inc.

8. With this motion, consolidated debtor included a set of business projections. Debtor intends to include this business projections as ***Exhibit 5*** to the Disclosure Statement dated on May 4, 2010.

**Inclusion of 2009 Audited Financial Statements:**

9. The disclosure statement filed did not include the 2009 Audited Financial Statements. As detailed in the Section 3.1 of General Financial Information, the consolidated Debtor informed that the audited financial statements for the year ended September 2009 will be presented by means of a supplement to this disclosure statement once these financial reports are completed.

10. The consolidated debtor included the copy of the last available audited financial statements prepared by Galindez CPA Group Inc., as of and for the years ended September 30, 2009. Debtor intends to include these financial statements as ***Exhibit 1*** to the Disclosure Statement dated on May 4, 2010.

**REQUEST FOR REMEDY AND TIMETABLE**

11. The Honorable Court informed in the last hearing that it would schedule a hearing on confirmation and final approval of disclosure statement before November 30, 2010, specifically, once this Supplemental information was filed.

12. At the present time, debtor still is in negotiations with the principal secured creditor, Banco Popular Puerto Rico, successor in interest of WesternBank. As recent as this afternoon, the parties met and discussed the last proposal for debt restructuring with the bank. The bank portion accounts for more than 70% of the outstanding debts in the two related cases.

13. Debtor and the bank are devoting all efforts to complete these negotiations and file a stipulation by November 30, 2010. This is the last date of the interim authorization for use of cash collateral agreed to in this case.

14. Moreover, in addition to the covenants and provisions contained in this plan, the equity security holders are to compromise a capital contribution in an amount sufficient to contribute to the dividend allotted to Class 4.3 as further detailed in the plan. This capital contribution is closely related with the ongoing negotiations with the bank and should be made part of the stipulation to be filed by November 30, 2010.

15. Given the noticing time required for the stipulation to be entered with the bank, the consolidated Debtor requests that the hearing on final approval of the Disclosure Statement and the approval of the Plan be schedule for after January 30, 2011.

WHEREFORE, the consolidated Debtor prays this Honorable Court to take enter Order as follows:

1. Take notice of this supplement to disclosure statement
2. To deem complied the Order to Show Cause entered on October 14, 2010
3. To schedule the hearing on approval of said disclosure after January 30, 2010,
4. and to grant any further relief as deemed necessary and proper.

RESPECTFULLY SUBMITTED.

In Guaynabo, Puerto Rico this 16<sup>th</sup> day of November 2010.

**I HEREBY CERTIFY:** That on this same date I electronically filed the foregoing with the Clerk of the Court using the CM/ECF System which will send notification of such filing to the participants appearing in said record.

**I HEREBY CERTIFY:** That on this same date a copy of the foregoing document has been hand delivered to the **U.S. Trustee Office**, this at their address of record.

*/S/ Wigberto Lugo Mender*  
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